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**FloorPrep**

**Legislative Digest**

**Wednesday, June 28, 2000**

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*The House Meets at 10:00 a.m. for Legislative Business*

*Anticipated Floor Action:*

**H.R. 4680 - Medicare Rx 2000 Act**

**H.R. 3240 - Drug Import Fairness Act of 1999**

**H.Res. 535 - Dedicating the Additional Surplus Funds to Further  
Corrections to the Balanced Budget Act of 1997**



**Bills Considered Pursuant to a Rule**

**H.R. 4680 - Medicare Rx 2000 Act**

**Floor Situation:** On Wednesday morning, June 28, the Rules Committee granted a closed rule waiving all points of order against the bill. The rule provides for two hours of general debate equally divided between and controlled by the chairmen and ranking minority members of the Committee on Ways and Means and Commerce, provides that the amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted, and provides one motion to recommit with or without instructions. Finally, the rule allows that the Speaker may suspend the rules with respect to H.R. 3240 and H.Res. 535 at any point on or before June 30, 2000.

**Amendment Made in Order.** The amendment clarifies coverage for prescription drugs, including vaccines, and grants the Medicare Benefits Administrator authority to provide coverage for specified drugs in classes that are otherwise excluded (such as weight gain or loss drugs); corrects cross-referencing errors; limits the number of chronically ill Medicare beneficiaries (30,000) in the demonstration project for disease management; adds a new section creating the State Pharmaceutical Transition Commission to respond to transitional issues confronting state pharmaceutical assistance programs for low-income Medicare beneficiaries; clarifies coverage and appeals provisions' enactment dates; and adds a new section delaying the withdrawal date for Medicare+Choice plans from July to October, 2000.

**H.R. 4680** provides a prescription drug benefit to Medicare to lower drug costs, offer seniors third party buying power, and provide the security of knowing they are protected from catastrophic pharmacy bills.

H.R. 4680 adds a new voluntary prescription drug benefit for Medicare beneficiaries. It provides full premium and cost-sharing subsidies for low-income beneficiaries and universal subsidies to all beneficiaries to make the benefit more affordable. In addition to an initial benefit comparable to that proposed by the President in his budget in February, the bill also includes a catastrophic benefit that would pay 100% of a beneficiary's drug bill after they have incurred \$6,000 in out-of-pocket spending.

The following provisions are included in H.R. 4680:

- \* Establishes a new voluntary Medicare Part D benefit
- \* All beneficiaries enrolled in Part B would be eligible for Part D benefits
- \* All Part D beneficiaries would be "guaranteed" at least two plan options, at least one of which must be a prescription drug plan for fee-for-service beneficiaries
- \* Unlike Medicare+Choice, the Medicare Benefits Administrator is required to ensure access is guaranteed in every region of the country
- \* Establishes minimum benefit requirements that all plans must meet
- \* Lowers drug prices by an average of 25% and up to 39% through group purchasing power
- \* Provides catastrophic coverage and security by covering 100% of out-of-pocket drug costs beyond \$6,000
- \* Provides comprehensive coverage for 5.5 million low-income seniors by covering 100% of premiums, deductibles and co-pays.
- \* Provides 35% discount on premiums for all enrollees
- \* Provides protections and guarantees to access for seniors in rural areas by ensuring convenient and emergency access to local "bricks and mortar" pharmacies
- \* Guarantees a right to choose while protecting existing coverage
- \* Protects against adverse selection by giving the Medicare Benefits Administrator authority to reject plans that collude on pricing or select only the healthiest individuals
- \* Expedites the appeals process (these decisions now take over a year and do not apply nationally) and expands patients rights to appeal coverage decisions
- \* Increases access to Medicare+Choice plans by investing \$3.6 billion to raise the Medicare payment floor, increase payment updates, and allow plans below the national average to negotiate higher reimbursement rates
- \* Modernize Medicare through the creation of a Medicare Benefits Administration (MBA) to operate the prescription drug benefits and all Medicare+Choice plans
- \* Establishes the Medicare Ombudsman to provide assistance to all beneficiaries who have problems with access to prescription drug plans, concerns with coverage decisions, appeals, and other issues

CBO estimates that enactment of H.R. 4680 will increase direct spending by \$38.6 billion over the 2001-2005 period and by \$155 billion over the 2001-2010 period. Additionally, revenues from income and payroll taxes would be reduced by \$.2 billion, \$.1 billion from Social Security payroll taxes, during the 2001-2010 period.

Mandates in H.R. 4680 could preempt state taxing and regulatory authority, leading to a possible reduction in the collection of premium taxes, but CBO has not yet determined the size of those budgetary effects. H.R. 4680 was introduced by Mr. Thomas *et al.* on June 15, 2000, and was reported by the Committee on Ways and Means on Wednesday, June 21 by a vote of 23-14.

**Views:** The Republican Leadership supports passage of H.R. 4680. At press time, an official statement from the Clinton Administration was not available.

### **Additional Information:**

“The Cost of Prescription Drugs for the Uninsured Elderly and Legislative Approaches”, *CRS Report* RL30373

“Medicare: Prescription Drug Proposals”, *CRS Report* RL30250

“Why Price Controls on Prescription Drugs Would Harm Seniors”, *The Heritage Foundation Executive Memorandum* May 4, 1999

“Designing a Targeted Drug Benefit for America’s Seniors”, *The Heritage Foundation Executive Memorandum* April 17, 2000

“GOP’s Prescription Drug Bill: A ‘Political Imperative’?” *CQ Weekly* June 17, 2000

“GOP Pushes Its Prescription Drug Proposal” *CQ Daily Monitor* Thursday, June 22, 2000

“Health: Dems Criticize GOP Drug Plan After Committee Approval” *Congress Daily* Thursday, June 22, 2000

“Health: Republicans Fend Off Dem Medicare Drug Plan Amendments” *Congress Daily AM* Thursday, June 22, 2000



### **Bills Considered Under Suspension of the Rules**

**Floor Situation:** The House is scheduled to consider two bills under suspension of the rules on Wednesday, June 28, 2000. These measures will be debatable for 40 minutes, may not be amended, and require a two-thirds majority vote for passage.

**H.R. 3240** limits the circumstances under which the Secretary of Health and Human Services may send a warning suggesting that importation of a drug appears to be in violation of the Federal Food, Drug, and Cosmetic Act unless (1) the drug appears to be adulterated, misbranded, or in violation of section 505; (2) the drug is forbidden or restricted sale in the production country from which it was exported; (3) importation by any person other than the manufacturer is in violation of section 801(d); or importation is otherwise in violation of federal law.

**H.Res. 535** expresses the sense of the House of Representatives that the use of additional projected surplus funds should be dedicated to Medicare funding that was previously reduced under the Balanced Budget Act of 1997.

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